

A report prepared for the
USAID Local Government Reform Project

Development Alternatives, Inc.
3330-103
Skopje, Macedonia

In collaboration with

USAID/Macedonia
EEU-I-00-99-00012-00 #801

May 27, 2002 Alan Beals

**ZELS- A POLICY FRAMEWORK FOR LOCAL GOVERNMENT
ADVOCACY**

CONTEXT

“...USAID’s most significant contributions to decentralization is its effort in Policy Reform and development of Local Government Advocacy. These efforts should be sustained and strengthened, as they are the program activities which can have the largest long term systemic impact.”

“...ZELS is simply the only clear and unified voice in the political arena advocating decentralization – a key USAID policy interest.”

(General Recommendations #2 and #4 from the May 2002 Evaluation of the LGRP Project in Macedonia, pp15 –16)

OVERVIEW

Local government reform has come a long way in a short period of time through the work of the LGRP and its DAI contractor. In the past few months some significant milestones have been achieved in creating viable local government institutions. Two of the more significant achievements have been the passage of the Law on Local Self Government and the revitalization of the ZELS organization as the voice and advocate of local government.

The passage of the Law on Local Self Government was the first major step in granting general authority for the functioning of an independent, decentralized local government system. It began as the framework in a long and continuing journey. Local government needs basic revenue authorities, and in the Macedonian system, needs specific functional authority to exercise common municipal services. Continued focus and sustained support will be required.

The ZELS organization is off to a good beginning in its development. During its first year with an executive director, it has achieved some major successes. Good leadership has brought a diversified group of local elected officials together to speak in a unified voice and achieve results, such as the passage of the Law on Local Self

Government. ZELS has brought a policy focus to such political and controversial issues as the redistribution of annual budget surpluses. It has begun the process of organizing a policy development activity in the area of finance reform and functional decentralization. All are solid achievements.

Expectations for a sound local government delivery system in Macedonia are very high; from international monitoring agencies and donors to local citizens expecting service needs to be provided. The political environment within which local government officials and ZELS work is uncertain and constantly changing. Assumptions made today may change tomorrow due to political and external factors beyond anyone's control. It should not be a surprise that this phenomenon is occurring in Macedonia, with forthcoming national elections, changing political leadership and alliances, bureaucratic resistance to change and general inertia in the political process.

Among the changing assumptions that local leaders must take into account are:

The assumption that a single piece of finance legislation will be passed by central government delegating a variety of sources of revenue to local government, including many lucrative ones such as a portion of the VAT, etc.

The assumption that central government will levy, raise rates, collect taxes and return the proceeds to local government.

The assumption that the transfer of governmental functions will be timely, seamless and operationally efficient.

-2-

These assumptions are already proving to be out of date. Therefore, local officials and ZELS must have the organization, capacity and capability of adjusting course, modifying policy and pursuing appropriate action.

The initial organizational assumptions made for the development of ZELS worked well and contributed to its early success. Efforts must now be taken to build on these successes to reposition ZELS on a higher organizational plane. A series of building block strategies in each area of association development will lead to continued success.

POLICY DEVELOPMENT AND ADVOCACY

The following goals for the ZELS Policy Development Process are recommended:

1. Create a long-term policy development structure.
2. Redefine and expand the scope of each policy sub-commission
3. Expand the membership of each committee
4. See the sub-commissions as a leadership development process
5. Expand the technical committee membership
6. Provide adequate staffing for the policy development process

1. Structure. ZELS created their first four standing policy development sub-commissions in early 2002. One to focus on the need for the future revenue and finance law for local government, another to create a memorandum of understanding for the relationship of ZELS to central government and two to develop legislation for the de-centralization of the spatial planning and building permit functions and the sports and culture functions. The mission or scope of each of these assignments was necessarily short-range: ...hold hearings on finance needs and write principles for legislation, ...write a memorandum for a relationship, ...develop a piece of legislation. The scope needs to be expanded to look at the total policy and administrative continuum. ZELS needs to anticipate other emerging policy and legislative issues (There are some 21 competencies to be assigned to local government ultimately).

A realigned ZELS Policy Development Structure with assigned functional responsibilities could look like the following:

Finance and Administration

- Revenue Sources

- Tax Administration

- Legal

- Relationships with Central Government

Community and Economic Development

- Planning and Zoning

- Economic Development

- Inspectional Services

- Sports, Culture, Parks and Recreation

Health and Human Services

Education

Public Works and Enterprises

- Engineering, Streets and Roads

- Utilities

- Infrastructure

-3-

Public Safety

- Police

- Fire

- Emergency Management

2. Sub-Commission Scope. The scope of each sub-commission should include the following tasks:

- “Develop policy recommendations in.” (Subject area)

- “Monitor Legislative development, regulatory and local implementation...”

- “Coordinate and Liaise with appropriate ministries...”

- “Develop guidelines for legislative implementation...”

- “Plan and conduct public awareness and media campaigns...”
- “Identify research and survey needs...”
- “Evaluate local operational effectiveness...”

See the revised scope of work for the Finance and Administration Sub-Commission (attached) as an example.

3. Expand Membership. The ZELS policy sub-commissions currently involve very few persons, primarily members of the 30 person Standing Committee, the overall executive governance committee of the association. While great pains have been taken to assure diversity in the four current sub-commissions, more members can and need to be involved in the policy process. Fewer than 30 cities are represented on the Standing Committee of 15 Mayors and 15 Council Presidents, with some duplication of city presently. This is only 1/4 of the total members. The policy development process is the best way to involve more member cities in the association. New criteria for serving on a policy sub-commission could include:

- a) Each city is entitled to one member on a ZELS Policy Sub-Commission of choice.
- b) Each *dues paying member city* is entitled to one or more representatives on *each* ZELS Policy Sub-Commission.
- c) A representative of a city may only serve on one ZELS Sub-Commission at a time.
- d) The total number of members on a policy sub-commission is open.

4. Sub-Commissions are leadership development opportunities.. The ZELS organization should offer the widest possible opportunities for institutional leadership development. Strategically, a key opportunity should be for local elected officials to serve on a policy sub-commission. It would provide a member with additional leadership development in a key area of personal or city interest, and offer opportunities for debate, problem solving, negotiation, public speaking and other personal skills. Members could see the value of ZELS, deepen their commitment, justify the city dues, and connect to ministry, donor and other relationships.

ZELS leaders would see a wider range of local officials in action and be able to select the best for additional institutional leadership positions. As local governments mature, as more responsibilities get placed with local government, more citizens will stand for election, and more turn-over of election officials will occur. ZELS needs a way to bring newly elected officials into the fold, engage them in the work of the association and assist their personal and institutional leadership development.

This is particularly important for elected city council members. Many council members will ultimately become mayors. Council members are frequently at the initial stage of the elections process. They should be encouraged in their service to the public and ZELS. Involvement in the ZELS policy process is a useful opportunity and is consistent with the recent LGRP evaluation. (Specific Recommendation #9, page 22)

5. Expand Technical Sub-Commission membership. The existing sub-commissions have had a small and competent group of city administrative experts in the relevant subject area appointed to assist in the policy development process. This is useful. As local government assumes more service responsibilities and local professional competencies are acquired, it can be expected that professional management associations will evolve. Currently, the finance officers have organized, with the help of LGRP, the AFO. City Secretaries are in the formative stages. Public service enterprises have a fledgling organization. ZELS should tap into the expertise of these organizations and develop affiliate relationships under the ZELS umbrella to facilitate city unity of purpose, policy and otherwise. One of the ways to achieve this would be to appoint a representative of each affiliate to one or more of the ZELS technical sub-commissions as appropriate, in their area of expertise or interest.

6. Adequate staffing for ZELS policy Sub-Commissions. Ultimately ZELS should have a fulltime staffing capability to manage its policy process. By reorganizing its policy structure into a few broad based sub-commissions as suggested above, full time, consistent policy staffing can be effectuated. Outside technical expertise can be brought in as necessary. In the interim, a full time staff lawyer could serve the policy and finance sub-commission for example. (Specific Recommendation #2, Para.4, page 18)

COMMUNICATIONS

ZELS needs a core communications capacity to serve its members and undertake a continuing, broad based education effort to help the citizenry understand the costs and benefits of local democracy. At the present time ZELS is not doing an effective job in communicating with its members. An improved communications effort can lead to greater member understanding of the ZELS mission and current activities, educate members on topical issues and encourage members to be involved in advocacy and association matters. This understanding should help dues membership and retention.

A monthly association newsletter can serve a valuable function of keeping the membership informed on association activities. In a country like Macedonia, at this stage in its development and communications infrastructure, such a publication is very necessary. The ZELS Newsletter is a very attractive publication. It is a glossy, four color production, financed by donor contributions, both editorial and production. However, it has some shortcomings. Publication is irregular, a part-time consultant does little more than layout and it relies heavily on donor-generated information. As a basic communication tool serving the ZELS membership it needs to be improved. For relatively little additional costs, timely improvements are possible.

The following steps are recommended:

- 1.The ZELS newsletter should be published monthly on a regular schedule.
- 2.ZLS needs editorial control of the newsletter.
- 3.The format should be more user friendly.

- 4.Examine ways to reduce the unit costs of the newsletter.
- 5 The current circulation of 300 copies, primarily to each mayor and city council president, should be expanded.
- 6.A readership survey should be undertaken.
- 7.Encourage other donor supported communication vehicles to local officials to be incorporated into the ZELS newsletter.
8. Hire a commissioned advertising representative to solicit advertising appropriate to the local government market.

1.Publish Monthly. The ZELS newsletter is a very attractive publication that has been published on an irregular schedule. In some respects it is viewed as a lesser priority or as something that can be done when time is available. The editorial consultant arrangement has not worked well. There has been little editorial development. A regular editorial and production schedule should be established and followed.

-5-

2.Editorial Control. The Executive Director of ZELS should have editorial control of the Newsletter. The ED should determine priority of editorial content, tone and final layout.

3. Improve format. A number of format improvements has been discussed with the ED and should be incorporated. (See AB memorandum of 4/18)

4.Reduce Unit Costs. Unit costs could be reduced under one or more of several options; for example, print only in the Macedonian language (type setting and paper costs reduced by half) or print in only one or two colors.

5.Expand Circulation. The circulation of the Newsletter should be expanded immediately to include all the members of city councils. This would expand circulation to about 1,000. It has marginal cost impact (in fact lowers unit costs). It would enable ZELS to more effectively get its message out. It is consistent with the recent LGRP evaluation. (See Specific Recommendation #9, p.22).

Circulation should also be expanded to key administrative officials as their functions are created, including city secretaries, financial officers, enterprise managers and the like. Copies should also be made available to the public at city information centers.

6.Undertake Survey. An initial survey on newsletter effectiveness and member needs can be included in the larger bi-annual survey of members to be undertaken in 2002.

7.Donor Newsletters. Donors should be urged to use the ZELS Newsletter to get their message and program information to local officials. Donors could get wider access to ZELS members, a higher probability of readership, a sense of linkage with the ZELS effort and save printing and distribution costs. Donors should expect to pay a modest service fee to ZELS. The end product would be a more unified and consistent local government message.

8.Advertising Sales. A commissioned advertising sales representative is a relatively a low risk venture to raise funds to support the Newsletter. The MAKKOM raises

sufficient paid advertising to cover the costs of its publication. Discussions with MAKKOM may point the way to joint venturing for advertising sales.

A core communications capability is vitally needed. In addition to providing information to its members, donors look to ZELS to provide public education to the citizenry at large, to show the impact of the decentralization movement, to demonstrate opportunities for citizen involvement in local government activities and to mobilize an informed citizenry to action for the public good. A current activity results from the NDI, LGRP, and ZELS hearings throughout the country on the new Law for Local Self Government. The call for a concerted public awareness campaign has been approved by the ZELS Standing Committee at its most recent meeting. However, a successful campaign, even with support from institutions like NDI will require staff coordination, logistical support and leadership.

ZELS Staff Needs. A full-time person should be hired at ZELS to combine the public relations and newsletter functions. Approximately one half of a man-year would be necessary for each activity. It should be an urgent priority.

ANNUAL MEETING

Virtually every association in the world conducts some kind of an annual meeting. ZELS is reaching that point. Annual meetings serve a variety of purposes. It gives every member some say in the life of the organization that is the right of membership to "cast a vote." Formal by laws requirements may be met, elections of corporate officers and boards of directors may be held, and financial statements or audits may be approved. Annual meetings are used to report to the membership on the activities of the past year and

-6-

approve future plans and policy objectives. Annual meetings can be used to educate members and to rally the membership to the issues of the day.

Annual meetings provide opportunities for members to network, to exchange information, to gain knowledge, to receive training, interact with experts, vendors and governmental officials.

One possibility for ZELS is to fold the Expo activity into an annual meeting context.

Action Steps. It probably makes good sense to plan a ZELS annual meeting during the year 2003, although a modified version could be mounted for the Year-end 2002. Given the limited range of communications to the membership, the limited number of city officials actively involved in ZELS, the intensifying effort on decentralization of functions, a new national administration, and the ensuing new budget year, some kind of an annual meeting in preparation for the Year 2003 is in order.

RESEARCH AND DATA CAPABILITY

One of the huge gaps in creating a new local government system is the lack of adequate information and data about every aspect of the current local government

system. Good public policy development rests on having the best information about the current issue, problem or activity that is at stake. The alternative is “guesstimates” of what is going on.

The donors supporting local government here are all grappling with this issue. Virtually all donors are conducting surveys in their current spheres of interest. Steps need to be taken to begin building the capability within ZELS to establish a survey and research agenda and set of priorities, to be a coordinating body of donor research and survey activity and to be a repository of survey and research information.

One of the urgent priorities for ZELS is to understand who its membership is. The expanded newsletter circulation will require developing a mailing list of elected and senior appointed administrators. That survey should also generate other basic information about the city elected officials. While using this information to build a mailing list, it could also lead to the publishing of a Membership Directory, which could serve a multitude of purposes.

FUNCTIONAL ASSOCIATION DEVELOPMENT

LGRP is providing significant support to the development of functional municipal association. This effort should be continued. These professional associations can be very valuable to ZELS in complementing the policy, training and technical assistance efforts of elected officials.

The work with the financial officers in organizing AFO is a success. Through LGRP, earlier conflicts with ZELS have been resolved, financial officers are becoming more united in desiring their own professional association and undertaking formal steps in association building. LGRP should continue these efforts with the objective of linking emerging local government professional associations with ZELS. ZELS should look for opportunities to keep these new organizations under the umbrella of the elected city policy leaders.

(Specific Recommendation #10, p.23)

City Secretaries are probably the next professional association to evolve, with LGRP currently undertaking initial meetings and by-laws development. The positions in cities have varying responsibilities, some function as a de facto city administrator, some are legal counsels, some are traditional city clerks and some have all of these functions.

Public Enterprise officials probably have the largest portfolio of direct city services at the present time, being responsible for water supply and waste collection and disposal. They have formed a professional organization known as MAKKOM. Recent conversations by the LGRP staff, including the writer, suggest

-7-

that this maybe a legitimate organization upon which to build. While it is organized as a “for profit” entity, it does not appear to be a for profit in the traditional business sense. It relies on fees, in addition to dues, for carrying out its functions for

members, like service fees for the purchase of chlorine for local water users, aggregating a market to drive down unit costs. Traditional non-profits in western nations do exactly the same thing.

The evaluation team reviewing LGRP had a recommendation calling into question this organization. In fact the team did not appear to interview anyone from MAKKOM (Appendix D) and may have relied on second hand hearsay and perception. The evaluation team recommended the organization of a professional public works association. Additional discussion and assessment by LGRP of MAKKOM should be undertaken prior to initiating any new organization of public works officials. (Specific Recommendation #3, p.19)

ZELS STAFF NEEDS

The following is a subjective set of priority staff positions that ZELS needs to move the organization forward over the next year

- 1.A strengthened financial capability in the form of a fulltime accountant/CPA/business manager
to be supported with external accounting and financial services expertise from a Big 6 type firm.
2. A lawyer to provide urgent legal assistance, to initiate a legal advisory service to city officials and to staff one or two of the policy sub-commissions on a part time basis. A likely assignment would be the Finance and Administration Sub-Commission
3. A full-time communications person to undertake the responsibilities outlined above.
4. An additional policy person to manage two or three of the policy standing sub-commissions. It is possible that the position responsible for international affairs could assume this responsibility, with the Executive Director talking over the international portfolio. Given the magnitude of the ZELS agenda for the next year, coordinating and attending international meetings would seem to be a lesser priority.

OFFICE SPACE

An early priority for ZELS and LGRP is the issue of office space. ZELS is currently using donated space by the Ministry of the Economy. It is cramped for office space. It has no conferencing capabilities. It shares staff space with GTZ. If additional personnel are hired in the next few months and over the following year there will be no place to put them. New space should be located as soon as possible. While there is a desire by the ED to build a ZELS building, more study and planning will be necessary. A lease situation for a couple of years would permit a more orderly long term analysis of future needs, member support and other considerations.

The current space problem is acute, however. ZELS recently lost some of its space to the new Director of the National Tourism Agency. The configuration of the space means that the entrance to the tourism space goes through the ZELS office. Further

expansion of the MoE and their need for space could result in ZELS not having time to find suitable office space.

While it has been financially helpful for ZELS to have donated space from the Ministry of the Economy, it is not a viable position any longer. ZELS should not be accepting free space from the government when undertaking strong policy positions. It should be independent including the perception of independence. This will impose an additional financial burden on ZELS